

Investor Presentation



March 2019

 **BorgWarner**

Safe Harbor Statement

■ Statements in this presentation may contain forward-looking statements as contemplated by the 1995 Private Securities Litigation Reform Act that are based on management's current outlook, expectations, estimates and projections. Words such as "anticipates," "believes," "continues," "could," "designed," "effect," "estimates," "evaluates," "expects," "forecasts," "goal," "guidance," "initiative," "intends," "may," "outlook," "plans," "potential," "predicts," "project," "pursue," "seek," "should," "target," "when," "will," "would," variations of such words and similar expressions are intended to identify such forward-looking statements. Forward-looking statements are subject to risks and uncertainties, many of which are difficult to predict and generally beyond our control, that could cause actual results to differ materially from those expressed, projected or implied in or by the forward-looking statements. These risks and uncertainties, among others, include: our dependence on automotive and truck production, both of which are highly cyclical; our reliance on major OEM customers; commodities availability and pricing; supply disruptions; fluctuations in interest rates and foreign currency exchange rates; availability of credit; our dependence on key management; our dependence on information systems; the uncertainty of the global economic environment; the outcome of existing or any future legal proceedings, including litigation with respect to various claims; and future changes in laws and regulations, including by way of example, tariffs, in the countries in which we operate, as well as other risks noted in reports that we file with the Securities and Exchange Commission, including the Risk Factors identified in our most recently filed Annual Report on Form 10-K/A. We do not undertake any obligation to update or announce publicly any updates to or revision to any of the forward-looking statements.

BorgWarner Today

- Executing Balanced Propulsion Strategy
- Product Leadership Remains the Driver of Our Business
- Strong Operational Discipline, with Areas to Improve

- Delivering  Growth,  Growth,  Growth

Combustion

Hybrid

Electric

Addressing Vehicle Mobility Trends



autonomous
driving



shared cars
and rideshare



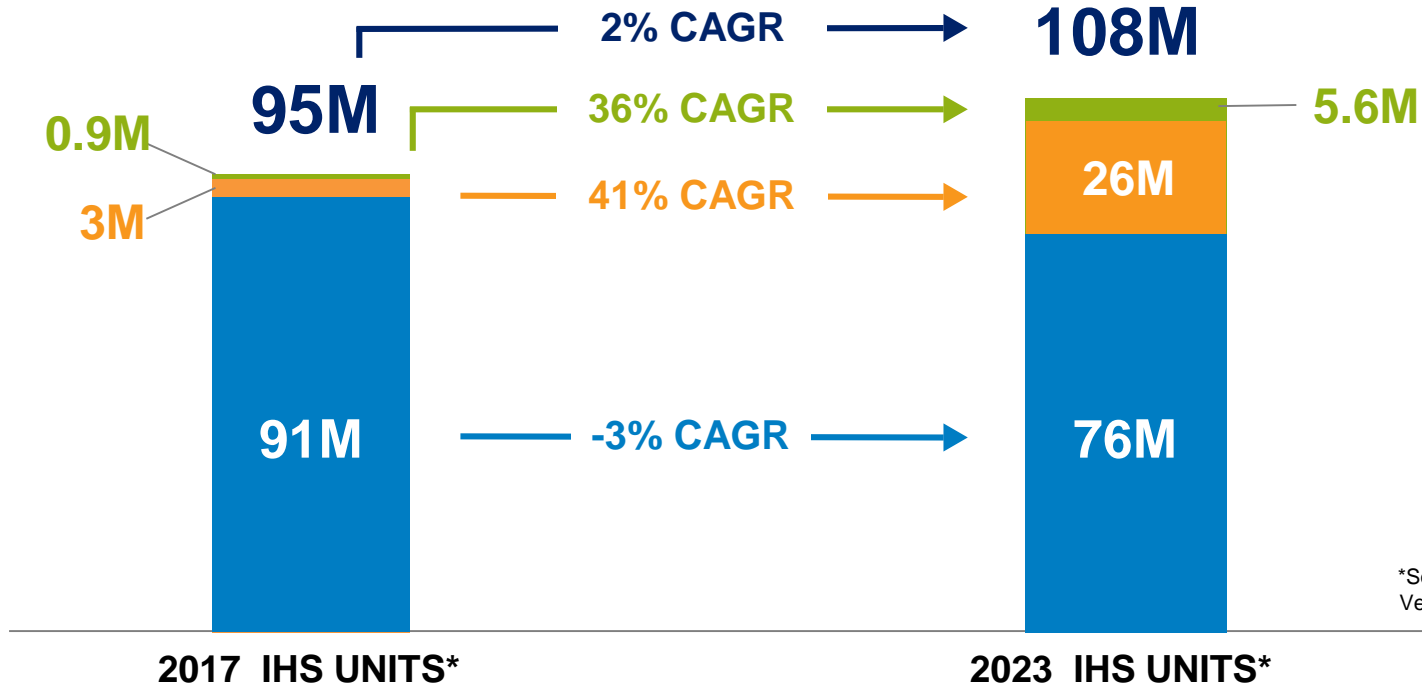
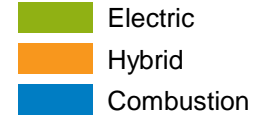
connected
cars



efficiency/CO₂
emissions

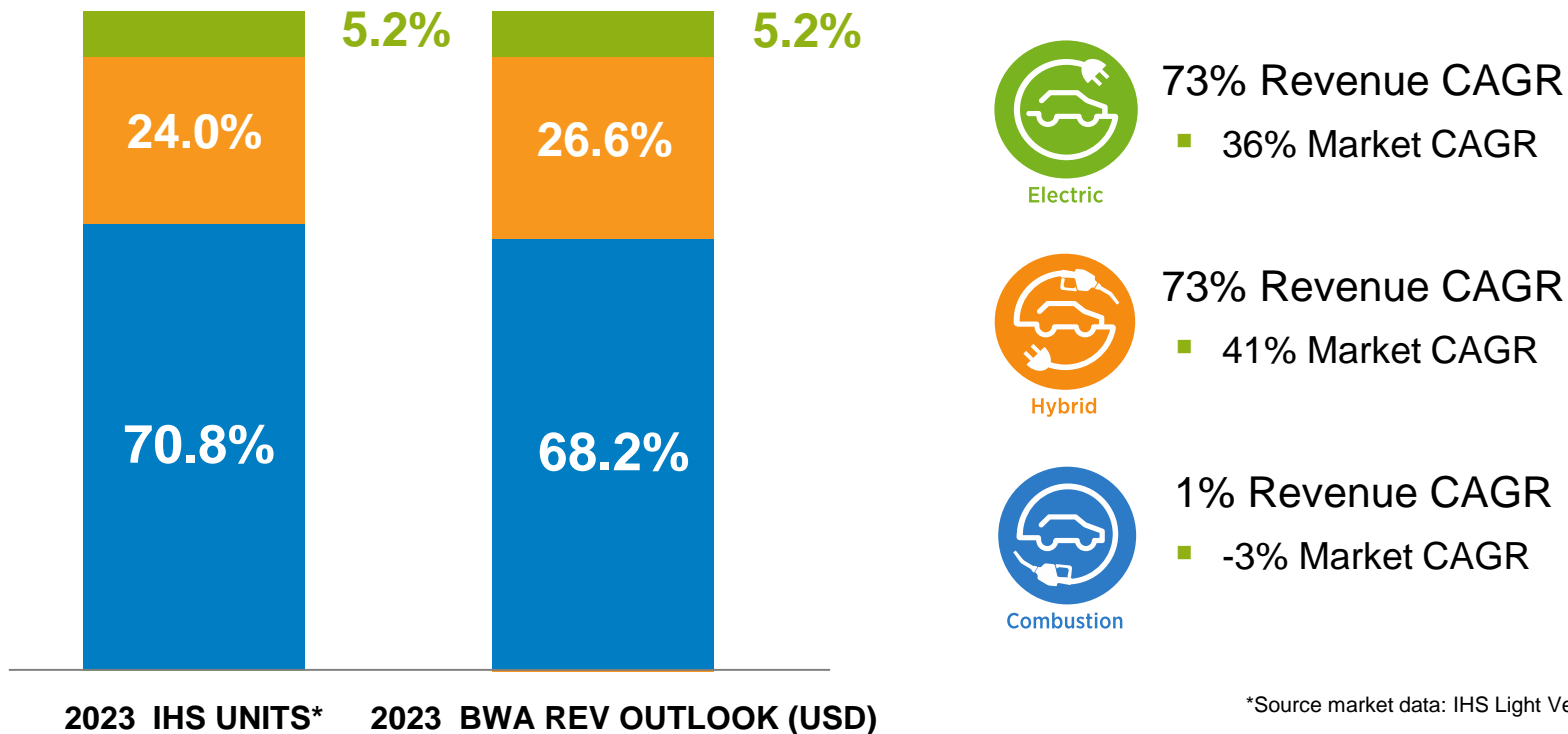
**THERE WILL ALWAYS BE A NEED FOR A
PROPULSION SYSTEM**

IHS Light Vehicle Projections



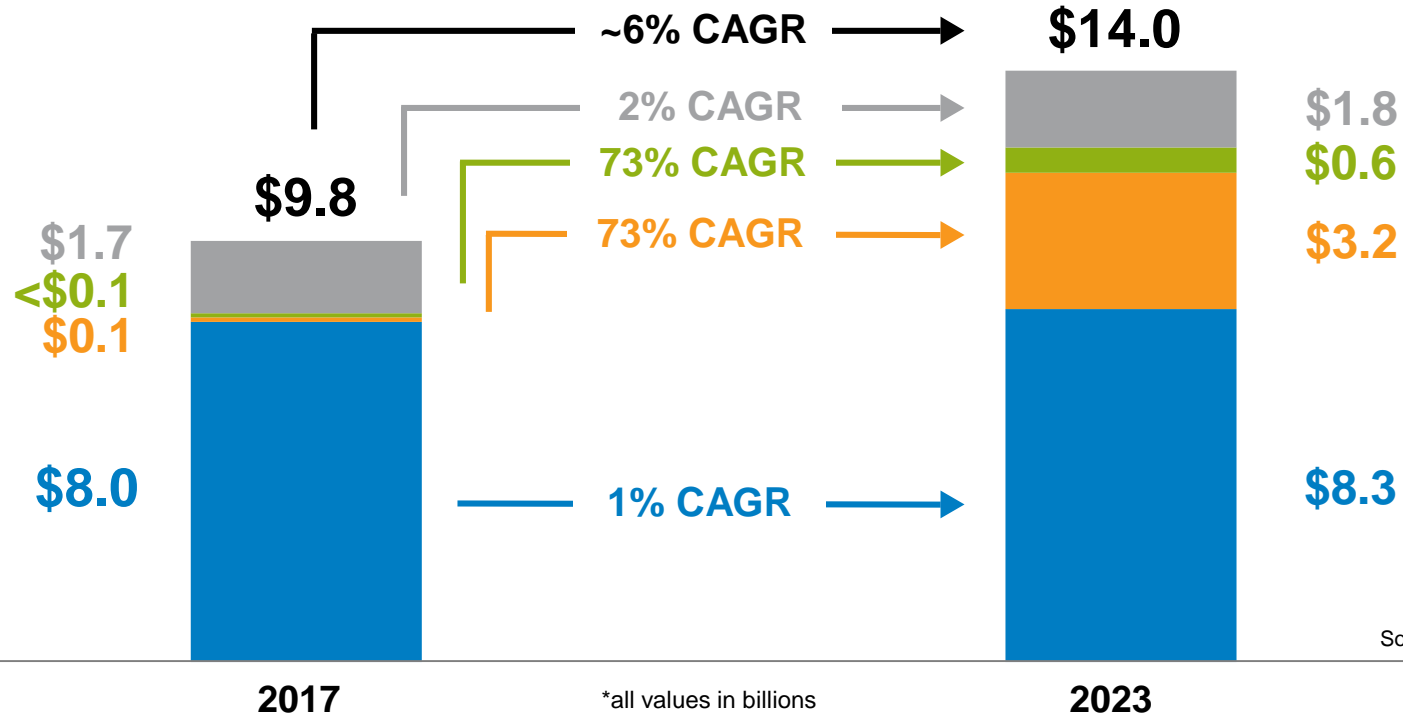
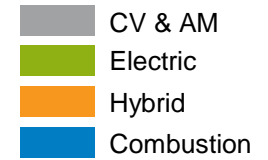
Source market data: IHS Light Vehicle Forecast (June 2018).

Overweight Hybrid and Electric by 2023



*Source market data: IHS Light Vehicle Forecast (Jun 2018)

2023 Revenue Outlook of \$14.0 Billion



Source: As of 2018 Investor Day

Combustion Still Growing



Combustion

- Demand for BorgWarner products continues to grow in combustion propulsion
- Innovation focused on efficient and clean combustion
- Hybrids are an additional demand driver for efficient ICE products

Combustion Propulsion Technology*



* Includes engines, transmissions and all-wheel drive systems with no electrification, includes stop/start. All prices are estimates, actual prices will vary.

Combustion Products:

- Timing system
- Variable cam timing
- Exhaust gas recirculation
- Clutch plates
- All-wheel drive systems
- Enhanced starters
- Fans & fan drives
- Pictured products and many more...



Variable Cam Timing

\$45



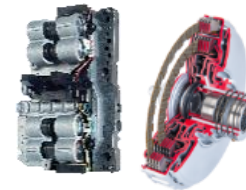
Exhaust Gas Management

\$100



Boosting Technologies

\$250



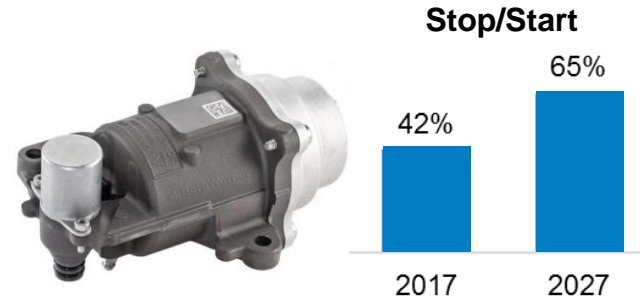
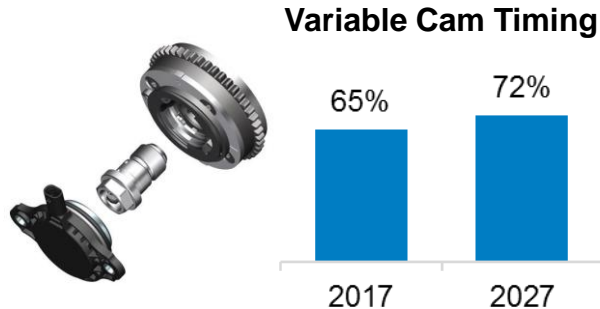
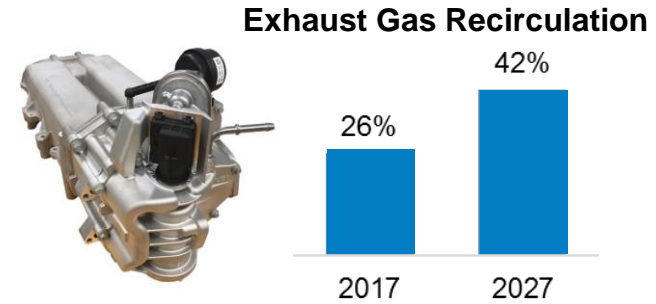
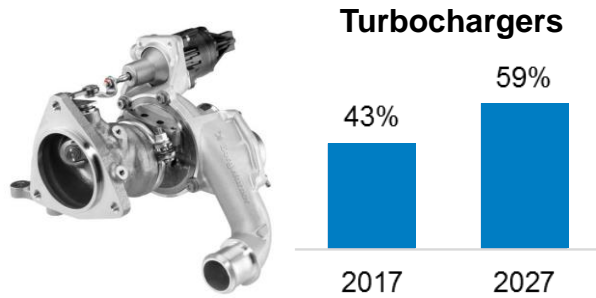
Transmission Technologies

\$350

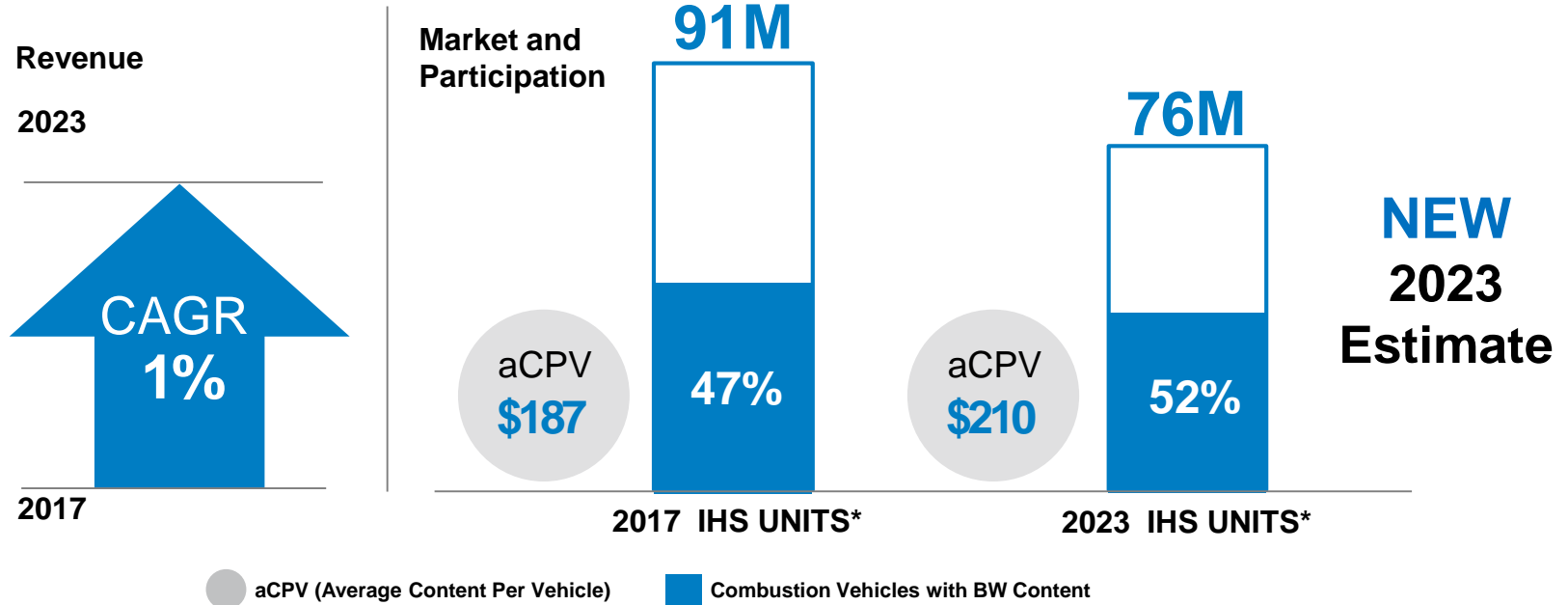
Penetration Rates Continue to Grow



Technology Penetration % - Combustion Only



Combustion Still Growing



*Source market data: IHS Light Vehicle Forecast (June 2018). All values are approximate.

Significant Revenue Growth



Hybrid

- **Strong** global market growth
- **Right** products and portfolio **depth** is driving **leading position**
- **Overweight** hybrid business by 2023

Hybrid Propulsion Technology*

* Includes mild, full and plug-in hybrid. All prices are estimates, actual prices will vary.



Combustion Products PLUS Hybrid Specific Products:



- Exhaust heat recovery systems
- Electric drive motors
- Disconnect clutch and controls
- Pictured products and many more...



eBooster

\$250



Integrated Motor Generator

\$400



Power Electronics

\$600



P2 Hybrid Modules On/Off Axis

\$900



Electric All-Wheel Drive

\$1200

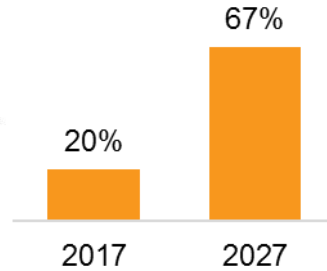
Penetration Rates Continue to Grow



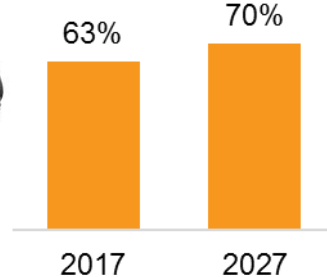
Technology Penetration %



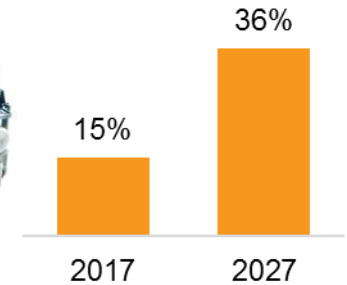
Turbochargers



Variable Cam Timing



Dual Clutch Modules



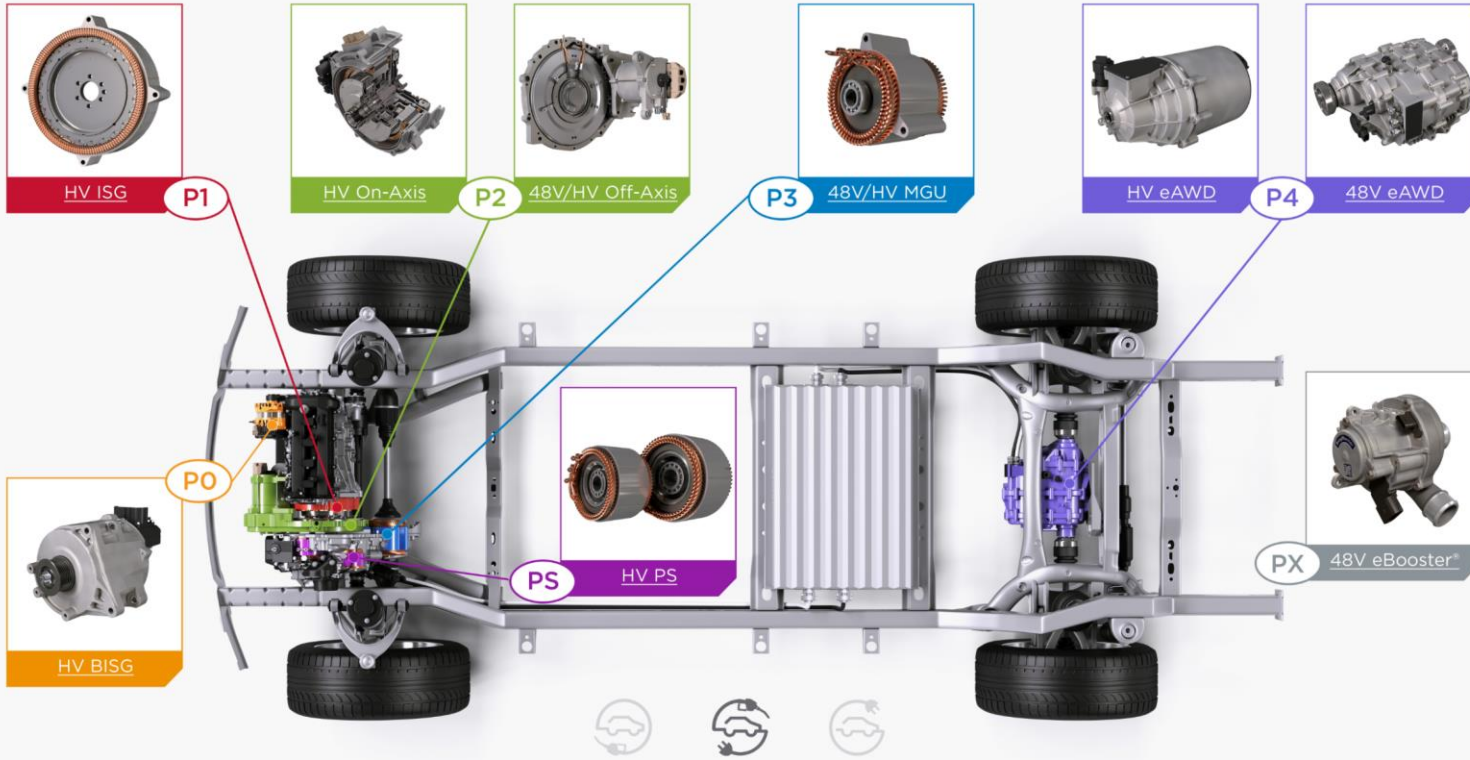
Customers Pursuing Broad Electrification Strategies



✓ producing/developing

	Hybrid						Electric
	P0	P1	P2	P3	P4	PS	BEV
Customer A	✓		✓	✓	✓		✓
B	✓		✓			✓	✓
C	✓		✓		✓		✓
D	✓		✓		✓	✓	✓
E	✓		✓	✓	✓		✓
F	✓	✓	✓		✓		✓
G	✓		✓	✓	✓	✓	✓
H	✓	✓	✓		✓	✓	✓
I	✓		✓				✓
J	✓		✓		✓		✓

Broad Expertise Across Hybrid Platforms

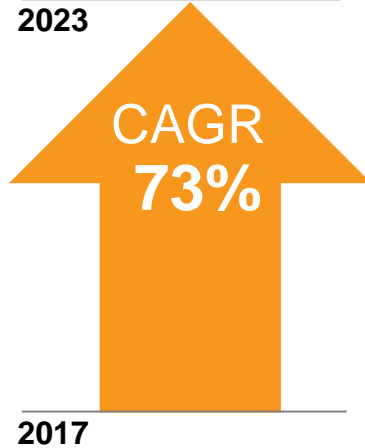


- BISG – Belt Integrated Starter Generator
- MGU – Motor Generator Unit
- PS – Power Split

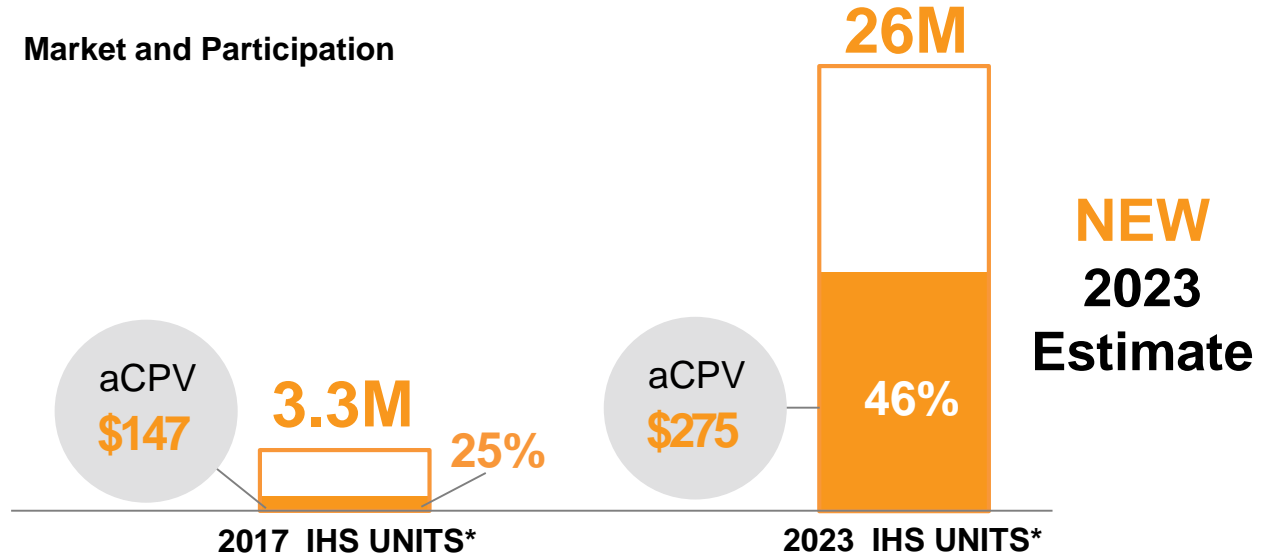
Significantly Increasing Penetration and aCPV



Revenue



Market and Participation



● aCPV (Average Content Per Vehicle) ■ Hybrid Vehicles with BW Content

*Source market data: IHS Light Vehicle Forecast (June 2018). All values are approximate.

Full System Expertise Driving Growth



Electric

- Uniquely positioned to provide complete propulsion solutions for Electric vehicles
- Wide variety of products fitting customers needs
- Leveraging system competence to win business

Electric Propulsion Technology*



* Includes battery electric vehicles, range extenders and fuel cells. All prices are estimates, actual prices will vary.

Electric Vehicle Products:

- Battery Heater
- Fuel Cell air supply
- Transmission Chain
- Battery Charger
- On-Board Charger
- Friction Plates
- Pictured products and many more...



Cabin Heater

\$150



EV Transmission
eGearDrive®

\$500



Electric Drive Motor

\$700



Power Electronics

\$600



Electric Drive Module

\$1100

Full Electric Propulsion System Expertise



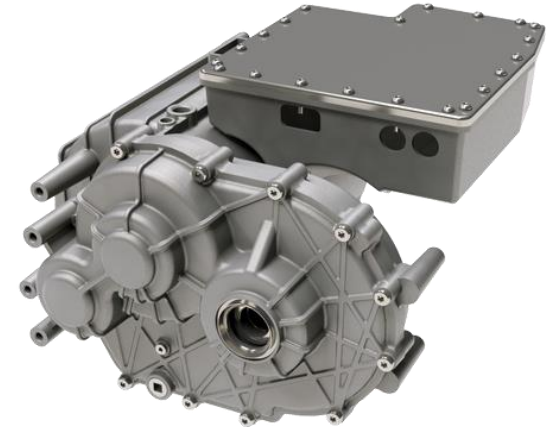
EV Transmission
eGearDrive®



Electric Drive Motor



Power Electronics



Integrated Electric Drive
Module

Specify, Develop and Manufacture



DC Fast Charger



Battery Heater



Cabin Heater



Inverter



Motor



eGearDrive



integrated inverter/motor and transmission module

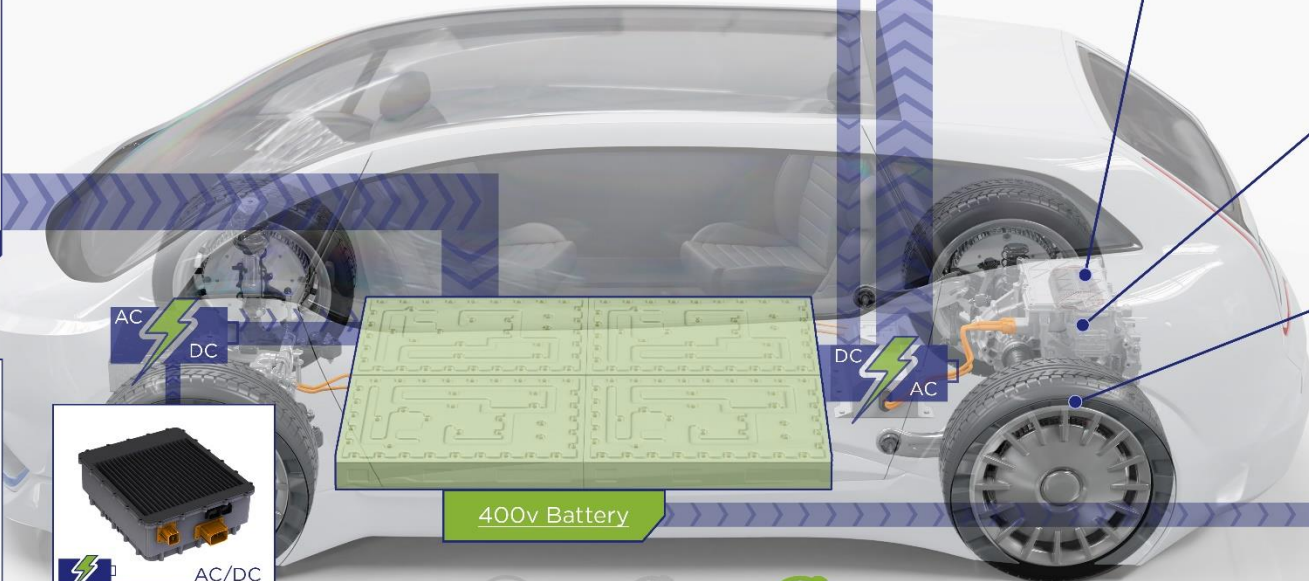
iDM

Wheels



Converter DC/DC

12v Accessories



AC 110v/220v
Standard Charger



AC/DC
Onboard Charger

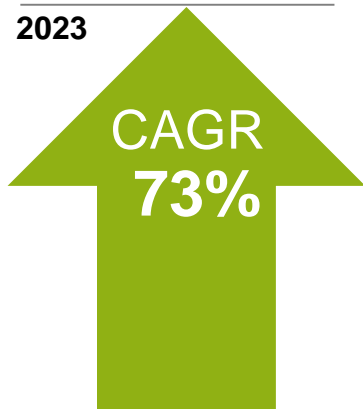
EV Portfolio - Provides Opportunities

Full System Expertise Driving Growth



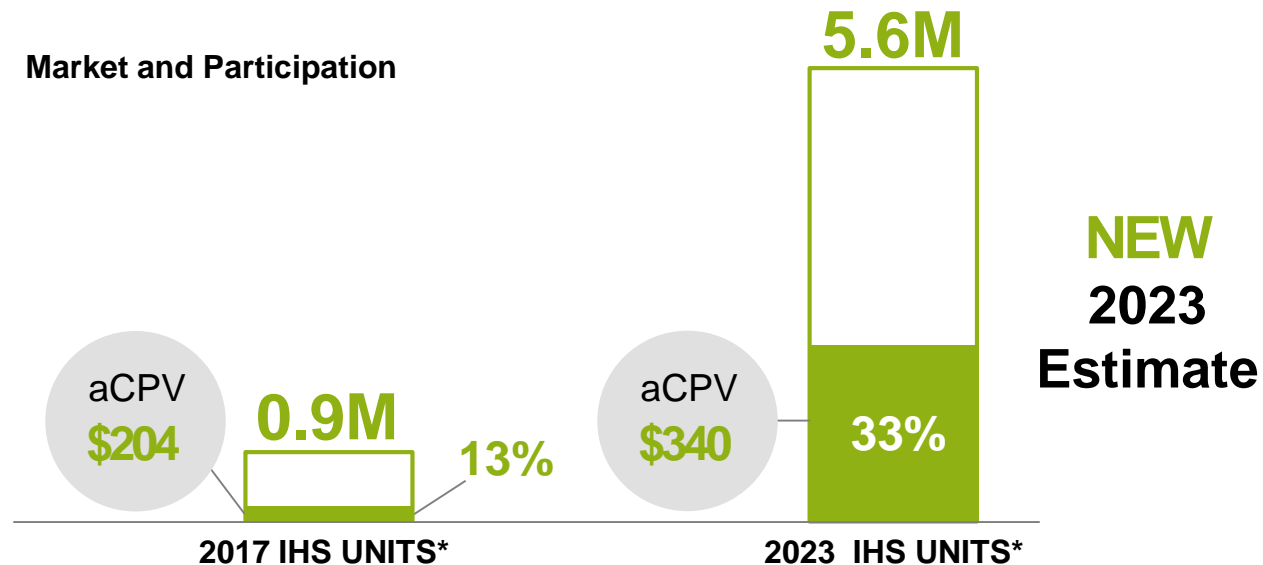
Revenue

2023



2017

Market and Participation



aCPV (Average Content Per Vehicle)



Electric Vehicles with BW Content

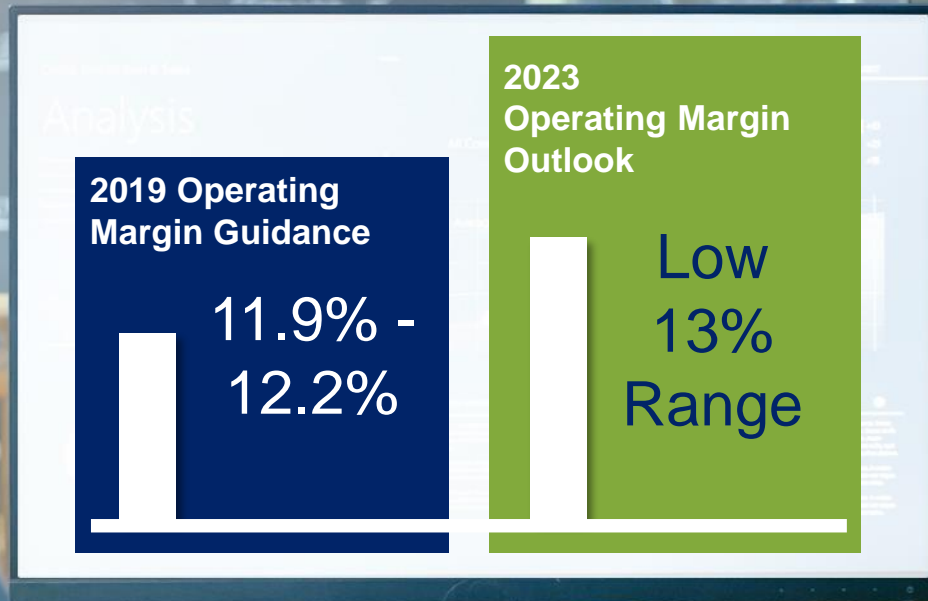
*Source market data: IHS Light Vehicle Forecast (June 2018). All values are approximate.

Electrification Accelerates Revenue Opportunities

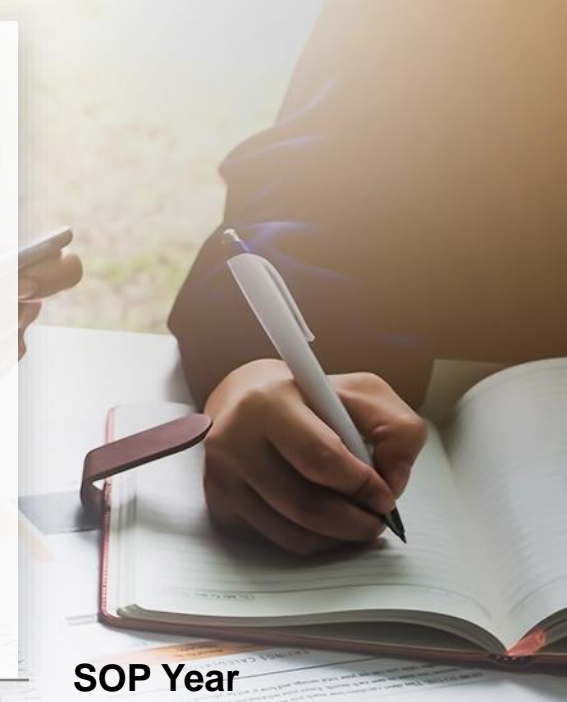


Estimated Participation Rate & Average Content Per Light Vehicle 2023

Margins Poised to Expand Through 2023



Capital Deployment Discipline



SOP Year

Competitive Landscape

Average number of major competitors is similar for each product category



Combustion

Turbochargers	~6
VCT	
EGR	
Transmission Friction	
Transmission Controls	
Timing Systems	
Starters/Alternators	
All-Wheel Drive	



Hybrid

Belt Alternator Starters	~5
Hybrid Drive Motors	
Disconnect Clutches	
Hybrid Modules	
Power Electronics	
eBooster	



Electric

Drive Motors	~6
Transmissions	
Power Electronics	
Battery Thermal Mgmt	
Cabin Heating	

Significant Free Cash Flow Leverage

2019

Free Cash Flow
Guidance

**\$550M -
\$600M**

2023

Free Cash Flow
Outlook

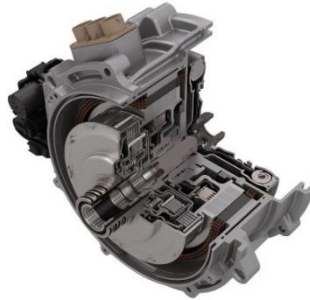
\$1.0B

+ 12%
FCF CAGR
through 2023

Recent Product Announcements



**High Voltage Hairpin
410 Electric Motor**
for a major European
commercial vehicle
manufacturer.



**P2 On-Axis Hybrid
Module**
for two Leading Chinese
automakers.



**High-Voltage
Coolant Heater**
for two New Electric
Vehicles, one located in
Europe and one in Asia.



**High-Voltage
Cabin Heater**
For NIO ES8 Electric
SUV.

BorgWarner: Driving Forward

- \$14 Billion Revenue Outlook
- Overweight Hybrid and Electric by 2023
- \$1 Billion Free Cash Flow Outlook
- Electrification Accelerates Opportunities

Appendix



Strong Backlog Across Light Vehicle C-H-E Products



Combustion

20%



Hybrid

70%



Electric

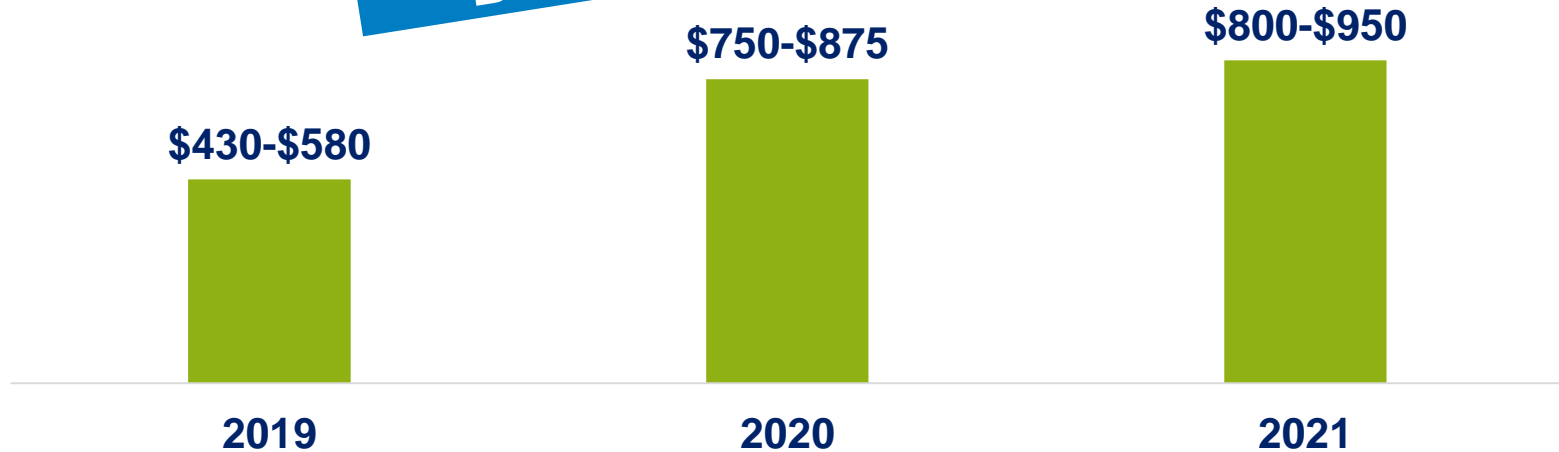
10%

80% of Backlog Related to Hybrid and Electric Propulsion

2019-2021 Backlog as of February 14, 2019

Backlog Supports Average Outgrowth of 500-600bps

\$2.0 Billion - \$2.4 Billion of Backlog 2019 thru 2021



2019-2021 Backlog as of February 14, 2019

Significantly Higher Content Opportunities in Hybrid and Electric

2023 BorgWarner
Content Opportunity
Per Vehicle
Summary

Combustion

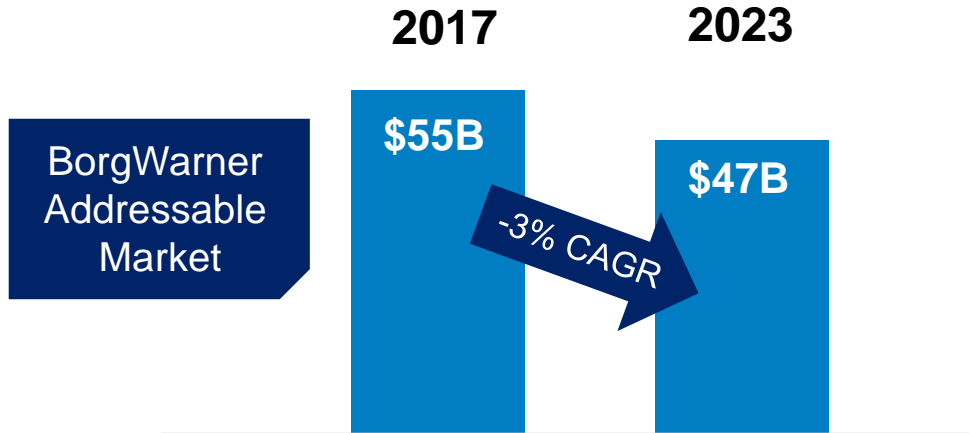
Hybrid

Electric



Market Volumes	76M	26M	5.6M
Addressable Market	\$47B	\$39B	\$11B

Combustion Opportunity

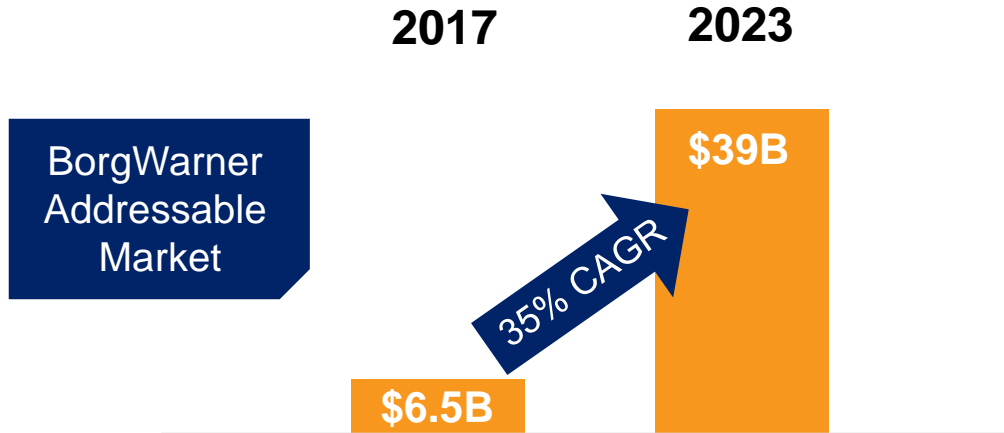


Market Volumes	91M	76M / (3%)
BorgWarner Content Opportunity Per Vehicle	\$607	\$613
BorgWarner Rev. CAGR ('17-'23)		1%

Takeaways

- Combustion remains largest market opportunity
- Growth despite declining market volumes
 - Revenues continue to rise
 - Driven by product penetration gains

Hybrid Opportunity

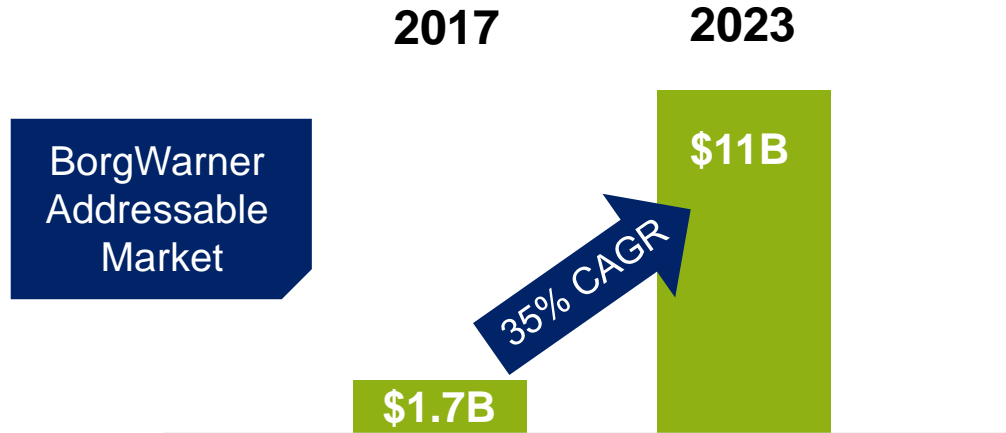


Market Volumes	3.3M	26M / 41%
BorgWarner Content Opportunity Per Vehicle	\$1,994	\$1,501
BorgWarner Rev. CAGR ('17-'23)		73%

Takeaways

- Average Hybrid Cost to Customers declines
 - Current volumes low, led by PS
 - Higher volume content on P0/P1/P2, shifting from PS
- Opportunity in Hybrid is 2.5x that of Combustion
- Revenue CAGR close to double that of market
- Significant share gains

Electric Opportunity



Market Volumes	0.9M	5.6M / 36%
BorgWarner Content Opportunity Per Vehicle	\$1,854	\$1,947
BorgWarner Rev. CAGR ('17-'23)		73%

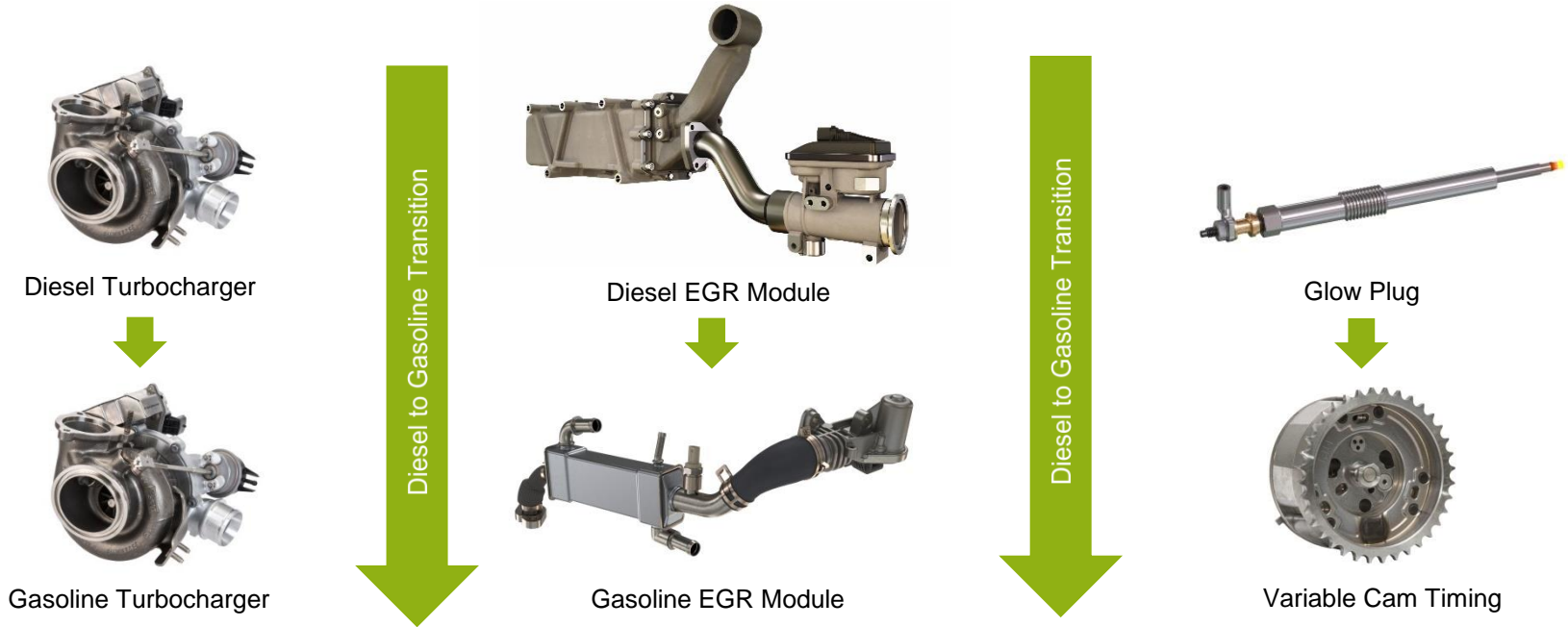
Takeaways

- Average content opportunity increasing
 - Despite prices decreasing
 - Driven by higher AWD penetration
- Opportunity in Electric is more the 3x that of Combustion
- CAGR more than double that of market
- Significant share gains

2019 Guidance

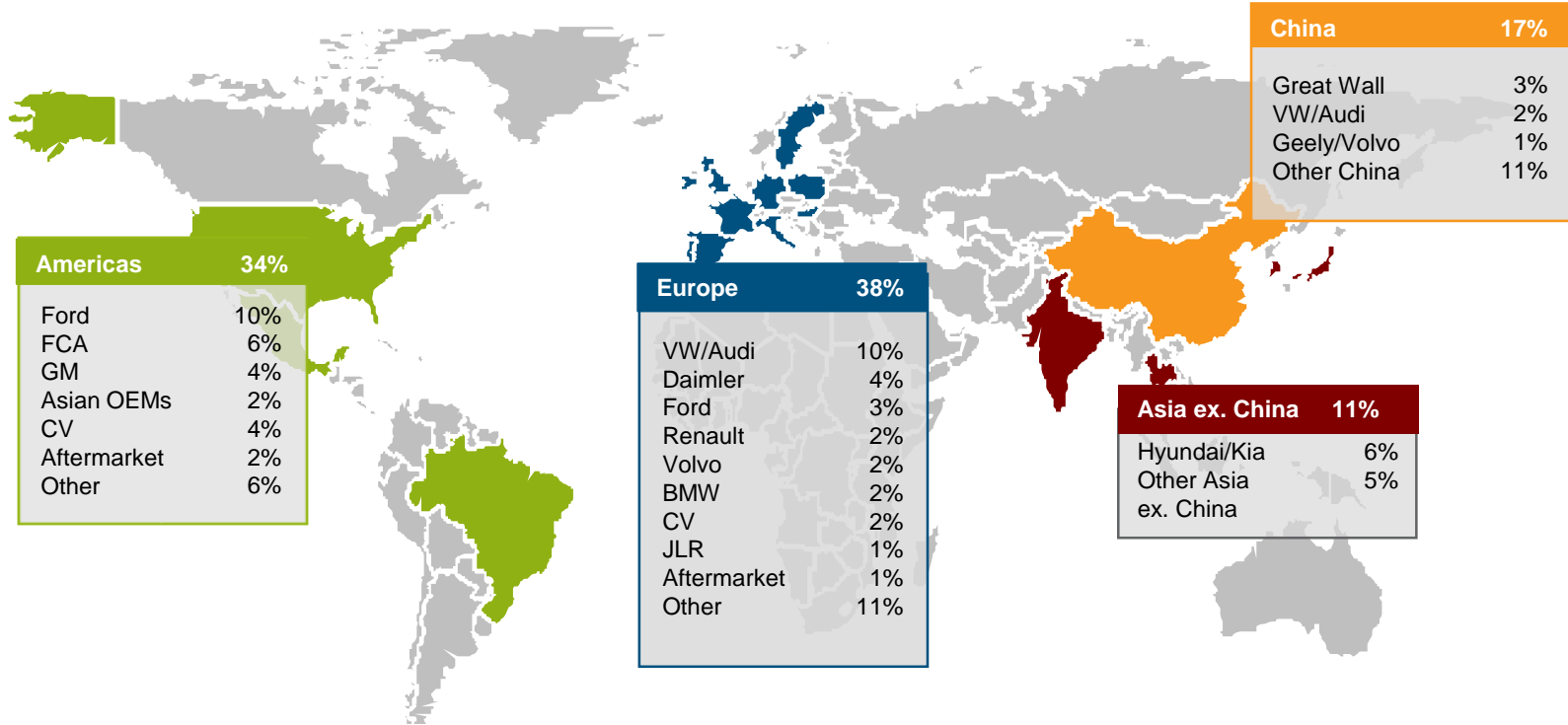
- **Sales** **\$9.90 - \$10.37 billion**
- **EPS Guidance** **\$4.00 - \$4.35**
- **Free Cash Flow** **\$550 - \$600 million**
- **CapEx** **\$575 - \$625 million**
- **Share Repurchases** **~\$100 million**
- **R&D Spending** **Low 4% of sales**
- **Tax Rate** **~26%**
- **FY'19 FX Revenue Impact** **~\$(280)M**

Diesel Transition Manageable Over the Mid-term



Revenue impact is neutralized by the end of the end of 2020

Long-Standing Relationships Paying Off



Based on 2018 Sales excluding Remy Aftermarket

Combustion Awards Secured Into Next Decade



Combustion

- Gas <2.0L turbocharger EU (2020, 2021, 2022), Asia (2018, 2020, 2021)
- Gas <1.5L turbocharger EU (2020), Asia (2018, 2019, 2020, 2022)
- Variable Cam Timing EU (2019, 2021), Asia (2019, 2020, 2021), Americas (2020)
- Dual Clutch Module EU (2022), Asia (2019, 2020)
- AWD Systems EU (2019, 2020), Asia (2019, 2020), Americas (2020)
- EGR Cooler EU (2018, 2019, 2020, 2021, 2022), Asia (2018, 2019, 2020, 2021), Americas (2018, 2020)

Significant Revenue Contribution from Hybrid Awards



Hybrid

- Complete P2 On-Axis Module Asia (2020, 2021)
- P2 On-Axis Stator EU (2019)
- Wet disconnect and controls for P2 Asia (2019, 2020)
- Chain drive for P3 EU (2018)
- 200V MGU for P0 EU (2019), Asia (2019)
- Exhaust Heat Recovery System Americas (2019)
- 48V eBooster® EU (2019, 2021)

Awards Across Products, Regions and Customers



Electric

- eGearDrive® Transmission Asia (2018 (3), 2019 (3), 2021)
- Electric Drive Module Asia (2018 (3) 2019 (3))
- Electric Drive Module N. America (2019)
- Electric Drive Motor N. America (2018)
- CV Electric Drive Motor EU (2019, 2020)
- Cabin Air Heater Asia (2018)
- HV Coolant Cabin & Battery Heaters EU (2021), Asia (2021)
- Power Electronics EU (2020, 2021), Asia (2018, 2019)
- Turbine Range Extender (2019)
- Commercial Vehicle (Bus) Charging Station EU (2018)